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EXAMINER	
TROTTER, SCOTT S	

ART UNIT	PAPER NUMBER
3694	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/561,661	NICHOLS, EVELYN	
	Examiner	Art Unit	
	SCOTT S. TROTTER	3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *09 July 2008*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-21* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-21* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Status of the Claims

1. This action is in response to the response filed on July 9, 2008. Claims 1-21 are pending and examined. Claim 21 was amended. No claims are canceled.

Response to Arguments

2. Applicant's arguments filed July 9, 2008 have been fully considered but they are not persuasive.

3. Since Applicant(s) did not seasonably traverse the Official Notice statement(s) as stated in the previous Office Action (Dated 12/28/2007, Paragraph No. 8), the Official Notice statement(s) are taken to be admitted prior art. See MPEP §2144.03.

4. The applicant's argument that the invention must be novel because it would be illegal to practice because of government licensing problems is beyond the scope required for examination. The Atkins invention with the addition of a loan to be invested which the applicant admits is old and well known in the art seems to what is claimed in the present application and it would have been obvious to combine them using known methods since Atkins includes multiple kinds of accounts. The Atkins invention includes home improvement loans being made (*see Atkins claim 11*) therefore the investment vehicle can be taken to be the real estate and a home improvement loan taken out to improve the real estate something which could easily happen at the same time. Regarding all of the loans happening simultaneously it was not rejected as anticipated but as being obvious but as mentioned if it is a home improvement loan with the investment vehicle being the real estate in question it is not uncommon for all of the

financing to be done at once since many people are unwilling to purchase a property to improve it if they do not already have the financing to make the needed improvements to the property.

5. The applicant also argues limitations that do not appear in the claims such as the borrowed investment being invested in a "risk free" investment. As a side note if such a "risk free" investment paid a higher rate of return than the lender was charging in interest it is difficult to see why the lender would not choose to make the "risk free" investment instead of lending the borrower money to invest with the only collateral being the appreciation of the real estate used to secure the loan. If the "risk free" investment pays less than the lender is charging the borrower would be losing money over borrowing less money.

6. Regarding claim 2 the office agrees that if claim 1 was allowable then claim 2 would be since it is not at this time there is no additional argument.

7. Regarding claim 3 the Atkins invention requires that the borrowers "borrowing power" be sufficient to support the liabilities. (*see Atkins abstract*) While one part of borrowing power is the value of the assets in the portfolio another part is the net cash flow which could include the account holders earning power. Since banks make loans to individuals everyday based on their potential earning power (i.e. college students receiving credit cards with no proof of earning power.) it is obvious for them to make such a loan in the case where there is proven earning power. Both Atkins and the application are targeted at individuals with significant assets in that both require significant earning power to support the expectation that payments will be made.

8. Another limitation argued by the applicant that does not appear in the claims is that the money that can be borrowed to invest in the additional investment vehicle is 20 percent of the value of the real estate. Still another is that the investment vehicle has a required life insurance component to it. While such limitations may appear in the specification they can not be read into the claims.

9. As per claim 5 it again is arguing limitations which do not appear in the claims there is no mention of an annuity in the claims while the investment product could include an insurance product such as the house it could also include the house itself in the case of a home improvement loan.

10. As per claim 7 the claim as written sounds like overdraft protection which is provided by the Atkins invention when it automatically transfers funds for payment.

11. Regarding claim 10 as for the MANA loan not having a margin call provision if sufficient borrowing power is not maintained that is not true if payments are not made and the investment vehicle does not have sufficient value to cover the payment then some kind of foreclosure procedure would be triggered the same as any loan that is being defaulted on.

12. The loan to value ratio is another limitation being argued that does not explicitly appear in the claims, while the claims state processes that could lead to a ratio such as 100% they could also lead to other ratios since the of the transitional phrase "comprising" was used it is open-ended allowing other elements such as a down payment which can reduce the loan to value ratio to be added to the claim with the applicant even making an argument that a small down payment could be called for

which would change the loan to value ratio. A side note regarding claim 12 the loan to value of the MANA loan it is 100% not a 120% because the investment vehicle is also collateral therefore since 100% of the loan is invested in collateral assuming that the fair market value of the collateral is what was paid for them it is a 100% loan to value the same as any purchase where 100% of the purchase is paid for with borrowed money the same as many home loans with 100% financing.

13. Regarding claim 17 as noted in the previous Office Action Atkins contemplated most if not all of the investment options that the application is trying to claim. As for them not being a "product" if a mortgage company is agreeing not to require principal payments based the pledging of other collateral it sounds like some kind of product of on the mortgage company's behalf.

14. Regarding claim 18 while Atkins best mode calls for a 80% loan to value ratio it does not preclude using other ratios. The applicant again appears to be making arguments regarding the investment that do not appear in the claims such as the cost of the insurance, and the longer term accumulation of retirement assets. Neither insurance nor retirement assets appear in claims 18 or claim 8 from which it depends and while claim 8's investment vehicles could include those they could include many other things as well. While a larger initial investment in an investment vehicle will lead to a greater final return so will a higher rate of return so it does not appear especially deliberate.

15. Regarding claim 19 as stated before the applicant is arguing limitations that do not appear in the claim as there is nothing about it being a "risk free" investment.

16. Regarding claim 20 the applicant is arguing limitations that do not appear in the claims. While the investment vehicle can include insurance it does not explicitly require insurance be one of the investment vehicles or the other details that were argued.

Specification

17. The applicant's updating of the status of the priority applications is acknowledged.

Claim Rejections - 35 USC § 112, second paragraph

18. Applicant's amendment of claim 21 removed the basis for this grounds of rejection.

Double patenting

19. The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

20. Claims 8-21 are provisionally rejected on the ground of nonstatutory double patenting as being unpatentable over claims 7-20 of U.S. Patent Application No. 10/519,179. The claims appear to be identical. Claim 2 is provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claim 1 of U.S. Patent Application No. 10/519,179.

21. The office acknowledges that the applicant stated that they were willing to file a terminal disclaimer which would invalidate this rejection, since no such disclaimer has been filed when this application was examined this rejection has remained in effect. Examiner's note if no other rejections had remained the applicant's attorney would have been called to expedite.

Claim Rejections - 35 USC § 103

22. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

23. Claims 1-21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Atkins (U.S. Patent 5,852,811) in view of Official Notice.

As per claim 1 Atkins teaches:

A method for providing mortgage financing to a borrower comprising:

a. identifying real estate; (*See Atkins column 3 lines 47-52*)

b. applying for mortgage loan; (*See Atkins Figure 4 and column 28 lines 14-17*)

c. having said mortgage loan application approved; (*See Atkins column 28 lines 17-19*)

d. receiving a mortgage loan principal amount to cover cost of said real estate and at least one investment vehicle; (*See Atkins column 5 lines 23-29.* There must always be sufficient assets to justify the loan with the real estate being only one of the assets backing the loan.)

e. forwarding funds equivalent to said cost of said real estate from said mortgage loan principal amount to said seller; (*See Atkins Figure 6 Home Mortgage closing and column 31 lines 19-22.* It is old and well known in the art of real estate that a real estate closing is where the sale of a property is completed with the purchaser receiving title and providing payment often using mortgage proceeds issued against the newly purchased property.)

f. purchasing at least one investment vehicle with funds from said mortgage loan principal amount; (*See Atkins column 3 lines 58-63*)

g. providing mortgage payments; (*See Atkins column 31 lines 56-61*) and

h. having ownership interest in said at least one investment vehicle and said real estate. (*See Atkins column 3 lines 65-column 4 line 9.*)

While Atkins does not explicitly teach borrowing more than the amount needed to buy the real estate it is old in well known in the art of investing to borrow money to invest. Therefore it would have been obvious to a person of ordinary skill in the art at

the time the invention was made to borrow additional funds to invest in investment vehicles in addition to the real estate.

As per claim 2 Atkins teaches:

The method of claim 1, wherein said mortgage payments are for a loan term. (Official Notice is taken that it is old and well known in the art of mortgages to issue mortgages with a loan term.)

As per claim 3 Atkins teaches:

The method of claim 1 further comprising the step of holding said at least one investment vehicle as collateral against said mortgage loan prior to vesting full ownership rights as part of step (h). (*See Atkins column 3 lines 47-52*)

As per claim 4 Atkins teaches:

The method of claim 3 wherein said collateral is held by a lender. (*See Atkins column 3 lines 50-52*. The holding of a security interest in an asset is a form of holding collateral.)

As per claim 5 it contains no new limitation not directed to intended use which is considered nonfunctional under MPEP 2106.(II.C) since no new functional limitations is introduced it is rejected as claim 4 above.

As per claim 6 Atkins teaches:

The method of claim 3 further comprising the step of making periodic payments against said mortgage loan. (*See Atkins column 31 lines 45-65*. A schedule of payments inherently calls for periodic payments.)

As per claim 7 Atkins teaches:

The method of claim 6 wherein when unable to make said periodic payments, funds are applied from said at least one investment vehicle to said mortgage loan equal to said periodic payment. (*See Atkins column 32 lines 2-6.*)

As per claim 8 Atkins teaches:

A method of implementing a loan repayment plan, which comprises:

a. Determining a principal loan amount to be provided to a borrower; b. Determining an additional loan amount to be provided to a borrower; (*See Atkins column 5 lines 23-29.* There must always be sufficient assets to justify the loan with the real estate being only one of the assets backing the loan. Therefore the proper loan amount is being determined every time it is checked.)

c. Determining a repayment term; (*See Atkins column 31 lines 45-49.* A repayment term is inherent in a schedule.)

d. Providing said principal amount; (*See Atkins column 31 lines 19-22*)

e. Providing said additional loan amount to an investment entity; (*See Atkins Figure 6 Home Mortgage closing and column 31 lines 19-22.* It is old and well known in the art of real estate that a real estate closing is where the sale of a property is completed with the purchaser receiving title and providing payment often using mortgage proceeds issued against the newly purchased property.)

f. Purchasing at least one investment vehicle with funds from said additional loan amount; (*See Atkins column 3 lines 58-63*)

g. Providing loan repayment increments during said repayment term; (*See Atkins column 31 lines 56-61*) and

h. Perceiving an interest in said at least one investment. (*See Atkins column 3 lines 65-column 4 line 9.*)

While Atkins does not explicitly teach borrowing more than the amount needed to buy the real estate it is old in well known in the art of investing to borrow money to invest. Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to borrow additional funds to invest in investment vehicles in addition to the real estate. In addition it is old and well known in the art of real estate that a real estate closing is where the sale of a property is completed with the purchaser receiving title and providing payment often using mortgage proceeds issued against the newly purchased property. Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to provide payment to an investment entity at the time of closing so that investment can be part of the investment portfolio securing the loan.

As per claim 9 Atkins teaches:

The method of claim 8 wherein said loan is a real estate mortgage. (*See Atkins column 3 line 51*)

As per claim 10 Atkins teaches:

The method of claim 9 wherein a lender supplies said principal loan amount and said additional loan amount. (*See Atkins column 5 lines 23-29.* There must always be sufficient assets to justify the loan with the real estate being only one of the assets backing the loan.)

As per claim 11 Atkins teaches:

The method of claim 10 wherein said lender takes an interest in said at least one investment vehicle as collateral against said real estate mortgage. (*See Atkins column 3 lines 47-52*)

As per claim 12 Atkins teaches:

The method of claim 10 comprising the step of a system practitioner collecting application criteria from a borrower prior to step (c). (*See Atkins Figure 4 and column 28 lines 14-19*)

As per claim 13 Atkins teaches:

The method of claim 12 further comprising the step of said system practitioner providing said principal loan and said additional loan amount to an escrow entity prior to step (f).

Official Notice is taken that it is old and well known in the art of lending money to purchase collateral to use a closing agent that will close the escrow when all of the conditions of the exchange of property are met. Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to use an escrow agent to make sure all the conditions of the agreement are met before funds are released since that is the purpose of escrow agents.

As per claim 14 Atkins teaches:

The method of claim 13 further comprising the step of said escrow entity providing said loan amount to a seller and said additional loan amount to said investment entity. (*See Atkins column 27 lines 36-44 and column 31 lines 19-22*)

As per claims 15 and 16 they contain no new limitations not directed to intended use which is considered nonfunctional under MPEP 2106.(II.C) since no new functional limitations are introduced they are rejected as claim 14 above.

As per claim 17 Atkins teaches:

The method of claim 8 wherein said investment vehicle is at least one of: an annuity; a single premium immediate annuity; a universal life policy; a certificate of deposit; a guaranteed interest contract; a mutual fund; a savings account; a zero coupon bond; a municipal bond; a variable life policy; a whole life policy; a financial security investment. (*See Atkins column 20 Table 14*)

As per claim 18 Atkins teaches:

The method of claim 8 wherein said additional loan amount is substantially 20 percent of said principal loan amount. (20 percent appears to be a design choice with no persuasive evidence why a ratio of 10% or 25% of the principal loan amount or Atkins suggested 80% of the value of all assets in a portfolio of real estate and financial assets would not be as advantageous therefore it does not make the claim patentably distinct. See MPEP§2144.04 IV)

As per claim 19 Atkins teaches:

A method of mortgaging real estate which provides for a collateral investment in an investment vehicle comprised substantially of the steps of having a loan amount approved for a principal amount and an investment amount; (*See Atkins column 28 lines 17-19*)

providing said principal amount to a seller of said real estate; (*See Atkins Figure 6 Home Mortgage closing and column 31 lines 19-22.* It is old and well known in the art of real estate that a real estate closing is where the sale of a property is completed with the purchaser receiving title and providing payment often using mortgage proceeds issued against the newly purchased property.)

applying said investment amount to purchase at least one investment vehicle; (*See Atkins column 3 lines 58-63*)

making periodic payments towards said loan amount, (*See Atkins column 31 lines 56-61*) thereby concurrently accumulating equity in said real estate and an interest in said at least one investment vehicle.

While Atkins does not explicitly teach borrowing more than the amount needed to buy the real estate it is old in well known in the art of investing to borrow money to invest. Therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to borrow additional funds to invest in investment vehicles in addition to the real estate.

As per claim 20 Atkins teaches:

The method of claim 19 further comprising a first and second investment vehicle, wherein said first investment vehicle is an annuity, and said second investment vehicle is an insurance policy. (*See Atkins column 20 Table 14 includes annuities and insurance policies also see Atkins column 21 lines 31-61.* Atkins includes making investments in whichever investments will yield the highest returns including in multiple

vehicles therefore it would have been obvious to a person of ordinary skill in the art at the time the invention was made to have included an annuity and an insurance policy.)

As per claim 21 Atkins teaches:

The method of claim 19 further comprising the steps of purchasing said annuity, followed by applying said insurance policy, thereby providing security for said loan amount. (*See Atkins column 8 Tables 1 & 2.* They contain both an insurance policy balance and a pension account that could be a form of annuity.)

Conclusion

24. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

sst 10/10/08

/Mary Cheung/

Primary Examiner, Art Unit 3694